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January 30, 2019

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Updating the Intercarrier Compensation Regime to Eliminate Access Arbitrage,
WC Docket No. 18-155

Dear Ms. Dortch:

CenturyLink makes this filing in support of its “direct connection” proposal, as described in its filings in this docket.¹ Under that proposed framework, a carrier could request a direct connection with another carrier for the delivery of terminating switched access traffic on a bill-and-keep basis. The carrier receiving that request could either accept it or, if it preferred to interconnect indirectly, could decline it; but if it declined the request, it would be responsible for the costs of any intermediate services in connection with the indirect interconnection.²

As CenturyLink has explained, adoption of its proposal will promote efficient interconnection arrangements and competition.³ CenturyLink estimates that it incurs more than \$30 million annually in costs related to interconnections that, if CenturyLink’s proposal were adopted, it would seek to convert to direct interconnections pursuant to such a rule. Notably, under CenturyLink’s proposal, both it and the carriers it sought direct interconnections with

¹ See Comments of CenturyLink (filed July 20, 2018); Reply Comments of CenturyLink (filed Aug. 3, 2018); Letter from Timothy M. Boucher, CenturyLink, to Marlene H. Dortch, Secretary, FCC (filed May 21, 2018) (CenturyLink May 21, 2018 ex parte); Letter from Joseph C. Cavender, CenturyLink, to Marlene H. Dortch, Secretary, FCC (filed Dec. 7, 2018).

² See CenturyLink May 21, 2018 ex parte at 3.

³ See *id.* at 2.

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would have a substantial incentive to arrange to interconnect in the most efficient manner possible so both could minimize their costs—in contrast to the incentives present today. Accordingly, while it is impossible to predict exactly how carriers would choose to interconnect, and what costs might be incurred in connection with new arrangements, CenturyLink believes that net efficiencies captured would be very substantial. Moreover, because other carriers would likely take advantage of the same potential for cost savings, competition can be expected to drive carriers to pass those savings on to customers.

Please contact me if you have any questions regarding this submission.

Sincerely,

Joseph C. Cavender

cc: Irina Asoskov
Gregory Capobianco
Lynne Engledow
Justin Faulb
Victoria Goldberg
Lisa Hone
Christopher Koves
Al Lewis
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